

REFERENDUM BILL NO. 49

CERTIFICATION OF ENROLLMENT

ENGROSSED HOUSE BILL 2894

Chapter 321, Laws of 1998

(partial veto)

55th Legislature
1998 Regular Session

REALLOCATION OF RESOURCES FOR TRANSPORTATION FUNDING, LOCAL CRIMINAL JUSTICE FUNDING, AND TAX REDUCTION

EFFECTIVE DATE: Sections 47(2), 49, and 50 take effect 6/11/98; sections 23 through 30 and 32 through 42 take effect 1/1/99; and section 31 takes effect 6/30/2000.

NOTE: As provided by section 49, the Legislature has directed that sections 1 through 21, and sections 44 through 46 of this act be submitted to the voters for their approval or rejection at the November 3, 1998 state general election. For such purpose, the Secretary of State has identified these sections as Referendum Bill No. 49. If approved by the voters, Referendum Bill No. 49 becomes law on December 3, 1998. Sections 1 through 3, 5 through 21, 44, and 45 will take effect January 1, 1999; and section 4 will take effect July 1, 1999.

(NOTE: As provided in section 47(2), sections 23 through 42 of this act will be null and void in their entirety if Referendum Bill No. 49 is not approved by the voters.)

Passed by the House March 5, 1998
Yeas 57 Nays 38

CLYDE BALLARD
**Speaker of the
House of Representatives**

Passed by the Senate March 5, 1998
Yeas 25 Nays 24

BRAD OWEN
President of the Senate

Approved April 3, 1998, with the
exception of sections 22, 43, 47(1) and
48, which are vetoed.

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED HOUSE BILL 2894** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN
Chief Clerk

FILED

April 3, 1998 - 2:25 p.m.

**Secretary of State
State of Washington**

ENGROSSED HOUSE BILL 2894

AS AMENDED BY THE SENATE

Passed Legislature - 1998 Regular Session

State of Washington 55th Legislature 1998 Regular Session

By Representatives Huff, K. Schmidt, Robertson, Lisk, Carrell, Mastin, Sehlin, Dyer, Mitchell, Pennington, Talcott, Lambert, Buck, D. Schmidt, L. Thomas, Benson, Clements, Skinner, Ballasiotes, Delvin, Parlette, Cooke, Hickel, B. Thomas, Johnson, DeBolt, Hankins, Cairnes, Crouse, Wensman, Mielke, Sherstad, Honeyford, McCune, Koster, Dunn, McDonald, Reams, Sheahan, Sterk, Schoesler, D. Sommers, Bush, Chandler, McMorris, Boldt, Backlund, Mulliken, Van Luven, Radcliff, Alexander, Zellinsky and Thompson

Read first time 01/21/98. Referred to Committee on Appropriations.

1 AN ACT Relating to the reallocation of motor vehicle excise tax and
2 general fund resources for the purpose of providing transportation
3 funding, local criminal justice funding, and tax reduction; amending
4 RCW 82.44.020, 82.44.041, 82.44.110, 82.44.150, 82.14.045, 82.14.200,
5 82.14.310, 82.14.330, 43.135.060, 82.50.410, 82.50.510, 35.58.273,
6 35.58.410, 43.160.070, 43.160.076, 43.160.080, 46.16.068, 70.94.015,
7 81.100.060, 82.08.020, 82.14.046, 82.44.023, 82.44.025, 82.44.155,
8 82.44.180, and 84.44.050; amending 1997 c 367 s 10 (uncodified);
9 reenacting and amending RCW 82.14.320, 43.160.210, and 81.104.160;
10 adding a new section to chapter 82.44 RCW; adding a new section to
11 chapter 43.160 RCW; adding a new section to chapter 82.14 RCW; adding
12 a new section to chapter 43.135 RCW; adding new sections to chapter
13 47.10 RCW; creating new sections; providing effective dates; providing
14 contingent effective dates; providing for submission of certain
15 sections of this act to a vote of the people; and declaring an
16 emergency.

17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

18 NEW SECTION. **Sec. 1.** The purpose of this act is to reallocate the
19 general fund portion of the state's motor vehicle excise tax revenues

1 among the taxpayers, local governments, and the state's transportation
2 programs. By reallocating motor vehicle excise taxes, the state
3 revenue portion can be dedicated to increased transportation funding
4 purposes. Since the general fund currently has a budget surplus, due
5 to a strong economy, the legislature feels that this reallocation is an
6 appropriate short-term solution to the state's transportation needs and
7 is a first step in meeting longer-term transportation funding needs.
8 These reallocated funds must be used to provide relief from traffic
9 congestion, improve freight mobility, and increase traffic safety.

10 In reallocating general fund resources, the legislature also
11 ensures that other programs funded from the general fund are not
12 adversely impacted by the reallocation of surplus general fund
13 revenues. The legislature also adopts this act to continue the general
14 fund revenue and expenditure limitations contained in chapter 43.135
15 RCW after this one-time transfer of funds.

16 In order to develop a long-term and comprehensive solution to the
17 state's transportation problems, a joint committee will be created to
18 study the state's transportation needs and the appropriate sources of
19 revenue necessary to implement the state's long-term transportation
20 needs as provided in section 22 of this act.

21 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.44 RCW
22 to read as follows:

23 (1) Beginning with motor vehicle registrations that are due or
24 become due in July 1999, a credit is authorized against the tax imposed
25 under RCW 82.44.020(1) on each personal-use motor vehicle equal to the
26 lesser of the tax otherwise due under RCW 82.44.020(1) or thirty
27 dollars.

28 (2) For the purposes of this section, "personal-use motor vehicle"
29 means a vehicle registered to a private individual, not owned by a
30 business, and designated in one of the following use classes: (a)
31 Passenger; (b) truck with a weight not to exceed six thousand pounds;
32 or (c) motorcycle.

33 **Sec. 3.** RCW 82.44.020 and 1993 sp.s. c 23 s 61 are each amended to
34 read as follows:

35 (1) An excise tax is imposed for the privilege of using in the
36 state any motor vehicle, except those operated under reciprocal
37 agreements, the provisions of RCW 46.16.160 (~~as now or hereafter~~

1 amended)), or dealer's licenses. The annual amount of such excise tax
2 shall be two and two-tenths percent of the value of such vehicle.

3 ~~(2) ((An additional excise tax is imposed, in addition to any other~~
4 ~~tax imposed by this section, for the privilege of using in the state~~
5 ~~any such motor vehicle, and the annual amount of such additional excise~~
6 ~~shall be two tenths of one percent of the value of such vehicle.~~

7 ~~(3) Effective with October 1992 motor vehicle registration~~
8 ~~expirations,)) A clean air excise tax is imposed in addition to any~~
9 other tax imposed by this section for the privilege of using in the
10 state any motor vehicle as defined in RCW 82.44.010, except that farm
11 vehicles as defined in RCW 46.04.181 shall not be subject to the tax
12 imposed by this subsection. The ~~((annual amount of the additional~~
13 ~~excise tax shall be two dollars and twenty five cents. Effective with~~
14 ~~July 1994 motor vehicle registration expirations, the)) annual amount~~
15 of additional excise tax shall be two dollars.

16 ~~((+4))~~ (3) An additional excise tax is imposed on truck-type power
17 units that are used in combination with a trailer to transport loads in
18 excess of forty thousand pounds combined gross weight. The annual
19 amount of such additional excise tax shall be fifty-eight one-
20 hundredths of one percent of the value of the vehicle.

21 The department shall distribute the additional tax collected under
22 this subsection as follows:

23 (a) For each trailing unit subject to subsection ~~((+5))~~ (4) of
24 this section, an amount equal to the clean air excise tax prescribed in
25 subsection ~~((+3))~~ (2) of this section shall be distributed in the
26 manner prescribed in RCW 82.44.110~~((+3))~~ (2);

27 (b) ~~((0f))~~ The remainder of the additional excise tax collected
28 under this subsection~~((, ten percent shall be distributed in the manner~~
29 ~~prescribed in RCW 82.44.110(2) and ninety percent)) shall be~~
30 distributed in the manner prescribed in RCW 82.44.110(1). This tax
31 shall not apply to power units used exclusively for hauling logs.

32 ~~((+5))~~ (4) The excise taxes imposed by subsections (1) ~~((through~~
33 ~~+3))~~ and (2) of this section shall not apply to trailing units which
34 are used in combination with a power unit subject to the additional
35 excise tax imposed by subsection ~~((+4))~~ (3) of this section. This
36 subsection shall not apply to trailing units used for hauling logs.

37 ~~((+6))~~ (5) In no case shall the total tax be less than two dollars
38 except for proportionally registered vehicles and except for vehicles
39 on which a credit is granted under section 2 of this act.

1 (~~(7)~~) (6) Washington residents, as defined in RCW 46.16.028, who
2 license motor vehicles in another state or foreign country and avoid
3 Washington motor vehicle excise taxes are liable for such unpaid excise
4 taxes. The department of revenue may assess and collect the unpaid
5 excise taxes under chapter 82.32 RCW, including the penalties and
6 interest provided therein.

7 **Sec. 4.** RCW 82.44.041 and 1990 c 42 s 303 are each amended to read
8 as follows:

9 (1) For the purpose of determining the tax under this chapter, the
10 value of a truck-type power or trailing unit shall be the latest
11 purchase price of the vehicle, excluding applicable federal excise
12 taxes, state and local sales or use taxes, transportation or shipping
13 costs, or preparatory or delivery costs, multiplied by the following
14 percentage based on year of service of the vehicle since last sale.
15 The latest purchase year shall be considered the first year of service.

| 16 | YEAR OF SERVICE | PERCENTAGE |
|----|-----------------|------------|
| 17 | 1 | 100 |
| 18 | 2 | 90 |
| 19 | 3 | 83 |
| 20 | 4 | 75 |
| 21 | 5 | 67 |
| 22 | 6 | 59 |
| 23 | 7 | 52 |
| 24 | 8 | 44 |
| 25 | 9 | 36 |
| 26 | 10 | 28 |
| 27 | 11 | 21 |
| 28 | 12 | 13 |
| 29 | 13 or older | 10 |

30 (2) The reissuance of title and registration for a truck-type power
31 or trailing unit because of the installation of body or special
32 equipment shall be treated as a sale, and the value of the truck-type
33 power or trailing unit at that time, as determined by the department
34 from such information as may be available, shall be considered the
35 latest purchase price.

36 (3) For the purpose of determining the tax under this chapter, the
37 value of a motor vehicle other than a truck-type power or trailing unit

1 shall be the manufacturer's base suggested retail price of the vehicle
2 when first offered for sale as a new vehicle, excluding any optional
3 equipment, applicable federal excise taxes, state and local sales or
4 use taxes, transportation or shipping costs, or preparatory or delivery
5 costs, multiplied by the applicable percentage listed in this
6 subsection based on year of service of the vehicle.

7 If the manufacturer's base suggested retail price is unavailable or
8 otherwise unascertainable at the time of initial registration in this
9 state, the department shall determine a value equivalent to a
10 manufacturer's base suggested retail price as follows:

11 (a) The department shall determine a value using any information
12 that may be available, including any guidebook, report, or compendium
13 of recognized standing in the automotive industry or the selling price
14 and year of sale of the vehicle. The department may use an appraisal
15 by the county assessor. In valuing a vehicle for which the current
16 value or selling price is not indicative of the value of similar
17 vehicles of the same year and model, the department shall establish a
18 value that more closely represents the average value of similar
19 vehicles of the same year and model.

20 (b) The value determined in (a) of this subsection shall be divided
21 by the applicable percentage listed in this subsection to establish a
22 value equivalent to a manufacturer's base suggested retail price. The
23 applicable percentage shall be based on the year of service of the
24 vehicle for which the value is determined.

| 25 | YEAR OF SERVICE | PERCENTAGE |
|----|------------------------|-------------------|
| 26 | 1 | 100 |
| 27 | 2 | ((100)) <u>95</u> |
| 28 | 3 | ((91)) <u>89</u> |
| 29 | 4 | 83 |
| 30 | 5 | 74 |
| 31 | 6 | 65 |
| 32 | 7 | 57 |
| 33 | 8 | 48 |
| 34 | 9 | 40 |
| 35 | 10 | 31 |
| 36 | 11 | 22 |
| 37 | 12 | 14 |
| 38 | 13 or older | 10 |

1 (4) For purposes of this chapter, value shall exclude value
2 attributable to modifications of a motor vehicle and equipment that are
3 designed to facilitate the use or operation of the motor vehicle by a
4 handicapped person.

5 **Sec. 5.** RCW 82.44.110 and 1997 c 338 s 68 are each amended to read
6 as follows:

7 The county auditor shall regularly, when remitting license fee
8 receipts, pay over and account to the director of licensing for the
9 excise taxes collected under the provisions of this chapter. The
10 director shall forthwith transmit the excise taxes to the state
11 treasurer.

12 (1) The state treasurer shall deposit the excise taxes collected
13 under RCW 82.44.020(1) as follows:

14 (a) ~~((1.60))~~ 1.455 percent into the motor vehicle fund through June
15 30, 1999, and 1.71 percent beginning July 1, 1999, to defray
16 administrative and other expenses incurred by the department in the
17 collection of the excise tax.

18 (b) ~~((8.15))~~ 7.409 percent into the Puget Sound capital
19 construction account in the motor vehicle fund through June 30, 1999,
20 and 8.712 percent beginning July 1, 1999.

21 (c) ~~((4.07))~~ 3.70 percent into the Puget Sound ferry operations
22 account in the motor vehicle fund through June 30, 1999, and 4.351
23 percent beginning July 1, 1999.

24 (d) ~~((5.88))~~ 5.345 percent into the ~~((general fund to be~~
25 ~~distributed))~~ city police and fire protection assistance account under
26 RCW 82.44.155 through June 30, 1999, and 6.286 percent beginning July
27 1, 1999.

28 (e) ~~((4.75))~~ 4.318 percent into the municipal sales and use tax
29 equalization account ~~((in the general fund))~~ created in RCW 82.14.210
30 through June 30, 1999, and 5.628 percent beginning July 1, 1999.

31 (f) ~~((1.60))~~ 1.455 percent into the county sales and use tax
32 equalization account ~~((in the general fund))~~ created in RCW 82.14.200
33 through June 30, 1999, and 1.71 percent beginning July 1, 1999.

34 (g) ~~((62.6440))~~ 13.573 percent into the general fund through June
35 30, ~~((1995, and 57.6440 percent into the general fund beginning July 1,~~
36 ~~1995))~~ 1999.

1 (h) ~~((5))~~ 43.605 percent into the transportation fund created in
2 RCW 82.44.180 through June 30, 1999, and 51.203 percent beginning July
3 1, ~~((1995))~~ 1999.

4 (i) ~~((5.9686))~~ 5.426 percent into the county criminal justice
5 assistance account created in RCW 82.14.310 through June 30, 1999, and
6 3.892 percent beginning July 1, 1999.

7 (j) ~~((1.1937))~~ 1.085 percent into the municipal criminal justice
8 assistance account for distribution under RCW 82.14.320 through June
9 30, 1999, and 0.778 percent beginning July 1, 1999.

10 (k) ~~((1.1937))~~ 1.085 percent into the municipal criminal justice
11 assistance account for distribution under RCW 82.14.330 through June
12 30, 1999, and 0.778 percent beginning July 1, 1999.

13 (l) ~~((2.95))~~ 2.682 percent into the county public health account
14 created in RCW 70.05.125 through June 30, 1999, and 3.153 percent
15 beginning July 1, 1999.

16 (m) 8.862 percent into the motor vehicle fund through June 30,
17 1999, and 10.422 percent beginning July 1, 1999.

18 (n) 1.377 percent into the distressed county assistance account
19 under section 10 of this act beginning July 1, 1999.

20 Notwithstanding (i) through (k) of this subsection, ~~((no more than~~
21 ~~sixty million dollars shall be deposited into the accounts specified in~~
22 ~~(i) through (k) of this subsection for the period January 1, 1994,~~
23 ~~through June 30, 1995. Not more than five percent of the funds~~
24 ~~deposited to these accounts shall be available for appropriations for~~
25 ~~enhancements to the state patrol crime laboratory system and the~~
26 ~~continuing costs related to these enhancements. Motor vehicle excise~~
27 ~~tax funds appropriated for such enhancements shall not supplant~~
28 ~~existing funds from the state general fund. For the fiscal year ending~~
29 ~~June 30, 1998, and))~~ for each fiscal year ~~((thereafter))~~ through fiscal
30 year 1999, the amounts deposited into the accounts specified in (i)
31 through (k) of this subsection shall not increase by more than the
32 amounts deposited into those accounts in the previous fiscal year
33 increased by the implicit price deflator for the previous fiscal year.
34 Any revenues in excess of this amount shall be deposited into the
35 violence reduction and drug enforcement account.

36 (2) ~~((The state treasurer shall deposit the excise taxes collected~~
37 ~~under RCW 82.44.020(2) into the transportation fund.~~

1 ~~(3)~~) The state treasurer shall deposit the excise tax imposed by
2 RCW 82.44.020(~~((3))~~) (2) into the air pollution control account created
3 by RCW 70.94.015.

4 **Sec. 6.** RCW 82.44.150 and 1995 2nd sp.s. c 14 s 538 are each
5 amended to read as follows:

6 (1) The director of licensing shall, on the twenty-fifth day of
7 February, May, August, and November of each year, advise the state
8 treasurer of the total amount of motor vehicle excise taxes imposed by
9 RCW 82.44.020 (1) (~~and (2)~~) remitted to the department during the
10 preceding calendar quarter ending on the last day of March, June,
11 September, and December, respectively, except for those payable under
12 RCW 82.44.030, from motor vehicle owners residing within each
13 municipality which has levied a tax under RCW 35.58.273, which amount
14 of excise taxes shall be determined by the director as follows:

15 The total amount of motor vehicle excise taxes remitted to the
16 department, except those payable under RCW 82.44.020(~~((3))~~) (2) and
17 82.44.030, from each county shall be multiplied by a fraction, the
18 numerator of which is the population of the municipality residing in
19 such county, and the denominator of which is the total population of
20 the county in which such municipality or portion thereof is located.
21 The product of this computation shall be the amount of excise taxes
22 from motor vehicle owners residing within such municipality or portion
23 thereof. Where the municipality levying a tax under RCW 35.58.273 is
24 located in more than one county, the above computation shall be made by
25 county, and the combined products shall provide the total amount of
26 motor vehicle excise taxes from motor vehicle owners residing in the
27 municipality as a whole. Population figures required for these
28 computations shall be supplied to the director by the office of
29 financial management, who shall adjust the fraction annually.

30 (2) On the first day of the months of January, April, July, and
31 October of each year, the state treasurer based upon information
32 provided by the department shall, from motor vehicle excise taxes
33 deposited in the (~~general fund, under RCW 82.44.110(1)(g))~~)
34 transportation fund under RCW 82.44.110, make the following deposits:

35 (a) To the high capacity transportation account created in RCW
36 47.78.010, a sum equal to four and five-tenths percent of the special
37 excise tax levied under RCW 35.58.273 by those municipalities
38 authorized to levy a special excise tax within each county that has a

1 population of one hundred seventy-five thousand or more and has an
2 interstate highway within its borders; except that in a case of a
3 municipality located in a county that has a population of one hundred
4 seventy-five thousand or more that does not have an interstate highway
5 located within its borders, that sum shall be deposited in the
6 passenger ferry account;

7 (b) To the central Puget Sound public transportation account
8 created in RCW 82.44.180, (~~for revenues distributed after December 31,~~
9 ~~1992,~~) within a county with a population of one million or more and a
10 county with a population of from two hundred thousand to less than one
11 million bordering a county with a population of one million or more, a
12 sum equal to the difference between (i) the special excise tax levied
13 and collected under RCW 35.58.273 by those municipalities authorized to
14 levy and collect a special excise tax subject to the requirements of
15 subsections (3) and (4) of this section and (ii) the special excise tax
16 that the municipality would otherwise have been eligible to levy and
17 collect at a tax rate of .815 percent and been able to match with
18 locally generated tax revenues, other than the excise tax imposed under
19 RCW 35.58.273, budgeted for any public transportation purpose. Before
20 this deposit, the sum shall be reduced by an amount equal to the amount
21 distributed under (a) of this subsection for each of the municipalities
22 within the counties to which this subsection (2)(b) applies; however,
23 any transfer under this subsection (2)(b) must be greater than zero;
24 and

25 (c) To the public transportation systems account created in RCW
26 82.44.180, (~~for revenues distributed after December 31, 1992,~~) within
27 counties not described in (b) of this subsection, a sum equal to the
28 difference between (i) the special excise tax levied and collected
29 under RCW 35.58.273 by those municipalities authorized to levy and
30 collect a special excise tax subject to the requirements of subsections
31 (3) and (4) of this section and (ii) the special excise tax that the
32 municipality would otherwise have been eligible to levy and collect at
33 a tax rate of .815 percent and been able to match with locally
34 generated tax revenues, other than the excise tax imposed under RCW
35 35.58.273, budgeted for any public transportation purpose. Before this
36 deposit, the sum shall be reduced by an amount equal to the amount
37 distributed under (a) of this subsection for each of the municipalities
38 within the counties to which this subsection (2)(c) applies; however,

1 any transfer under this subsection (2)(c) must be greater than zero(†
2 and

3 ~~(d) To the general fund, for revenues distributed after June 30,~~
4 ~~1993, and to the transportation fund, for revenues distributed after~~
5 ~~June 30, 1995, a sum equal to the difference between (i) the special~~
6 ~~excise tax levied and collected under RCW 35.58.273 by those~~
7 ~~municipalities authorized to levy and collect a special excise tax~~
8 ~~subject to the requirements of subsections (3) and (4) of this section~~
9 ~~and (ii) the special excise tax that the municipality would otherwise~~
10 ~~have been eligible to levy and collect at a tax rate of .815 percent~~
11 ~~notwithstanding the requirements set forth in subsections (3) through~~
12 ~~(6) of this section, reduced by an amount equal to distributions made~~
13 ~~under (a), (b), and (c) of this subsection and RCW 82.14.046)).~~

14 (3) On the first day of the months of January, April, July, and
15 October of each year, the state treasurer, based upon information
16 provided by the department, shall remit motor vehicle excise tax
17 revenues imposed and collected under RCW 35.58.273 as follows:

18 (a) The amount required to be remitted by the state treasurer to
19 the treasurer of any municipality levying the tax shall not exceed in
20 any calendar year the amount of locally-generated tax revenues,
21 excluding (i) the excise tax imposed under RCW 35.58.273 for the
22 purposes of this section, which shall have been budgeted by the
23 municipality to be collected in such calendar year for any public
24 transportation purposes including but not limited to operating costs,
25 capital costs, and debt service on general obligation or revenue bonds
26 issued for these purposes; and (ii) the sales and use tax equalization
27 distributions provided under RCW 82.14.046; and

28 (b) In no event may the amount remitted in a single calendar
29 quarter exceed the amount collected on behalf of the municipality under
30 RCW 35.58.273 during the calendar quarter next preceding the
31 immediately preceding quarter, excluding the sales and use tax
32 equalization distributions provided under RCW 82.14.046.

33 (4) At the close of each calendar year accounting period, but not
34 later than April 1, each municipality that has received motor vehicle
35 excise taxes under subsection (3) of this section shall transmit to the
36 director of licensing and the state auditor a written report showing by
37 source the previous year's budgeted tax revenues for public
38 transportation purposes as compared to actual collections. Any
39 municipality that has not submitted the report by April 1 shall cease

1 to be eligible to receive motor vehicle excise taxes under subsection
2 (3) of this section until the report is received by the director of
3 licensing. If a municipality has received more or less money under
4 subsection (3) of this section for the period covered by the report
5 than it is entitled to receive by reason of its locally-generated
6 collected tax revenues, the director of licensing shall, during the
7 next ensuing quarter that the municipality is eligible to receive motor
8 vehicle excise tax funds, increase or decrease the amount to be
9 remitted in an amount equal to the difference between the locally-
10 generated budgeted tax revenues and the locally-generated collected tax
11 revenues. In no event may the amount remitted for a calendar year
12 exceed the amount collected on behalf of the municipality under RCW
13 35.58.273 during that same calendar year excluding the sales and use
14 tax equalization distributions provided under RCW 82.14.046. At the
15 time of the next fiscal audit of each municipality, the state auditor
16 shall verify the accuracy of the report submitted and notify the
17 director of licensing of any discrepancies.

18 (5) The motor vehicle excise taxes imposed under RCW 35.58.273 and
19 required to be remitted under this section and RCW 82.14.046 shall be
20 remitted without legislative appropriation.

21 (6) Any municipality levying and collecting a tax under RCW
22 35.58.273 which does not have an operating, public transit system or a
23 contract for public transportation services in effect within one year
24 from the initial effective date of the tax shall return to the state
25 treasurer all motor vehicle excise taxes received under subsection (3)
26 of this section.

27 **Sec. 7.** RCW 82.14.045 and 1991 c 363 s 158 are each amended to
28 read as follows:

29 (1) The legislative body of any city pursuant to RCW 35.92.060, of
30 any county which has created an unincorporated transportation benefit
31 area pursuant to RCW 36.57.100 and 36.57.110, of any public
32 transportation benefit area pursuant to RCW 36.57A.080 and 36.57A.090,
33 of any county transportation authority established pursuant to chapter
34 36.57 RCW, and of any metropolitan municipal corporation within a
35 county with a population of one million or more pursuant to chapter
36 35.58 RCW, may, by resolution or ordinance for the sole purpose of
37 providing funds for the operation, maintenance, or capital needs of
38 public transportation systems and in lieu of the excise taxes

1 authorized by RCW 35.95.040, submit an authorizing proposition to the
2 voters or include such authorization in a proposition to perform the
3 function of public transportation and if approved by a majority of
4 persons voting thereon, fix and impose a sales and use tax in
5 accordance with the terms of this chapter: PROVIDED, That no such
6 legislative body shall impose such a sales and use tax without
7 submitting such an authorizing proposition to the voters and obtaining
8 the approval of a majority of persons voting thereon: PROVIDED
9 FURTHER, That where such a proposition is submitted by a county on
10 behalf of an unincorporated transportation benefit area, it shall be
11 voted upon by the voters residing within the boundaries of such
12 unincorporated transportation benefit area and, if approved, the sales
13 and use tax shall be imposed only within such area. Notwithstanding
14 any provisions of this section to the contrary, any county in which a
15 county public transportation plan has been adopted pursuant to RCW
16 36.57.070 and the voters of such county have authorized the imposition
17 of a sales and use tax pursuant to the provisions of section 10,
18 chapter 167, Laws of 1974 ex. sess., prior to July 1, 1975, shall be
19 authorized to fix and impose a sales and use tax as provided in this
20 section at not to exceed the rate so authorized without additional
21 approval of the voters of such county as otherwise required by this
22 section.

23 The tax authorized pursuant to this section shall be in addition to
24 the tax authorized by RCW 82.14.030 and shall be collected from those
25 persons who are taxable by the state pursuant to chapters 82.08 and
26 82.12 RCW upon the occurrence of any taxable event within such city,
27 public transportation benefit area, county, or metropolitan municipal
28 corporation as the case may be. The rate of such tax shall be one-
29 tenth, two-tenths, three-tenths, four-tenths, five-tenths, or six-
30 tenths of one percent of the selling price (in the case of a sales tax)
31 or value of the article used (in the case of a use tax). The rate of
32 such tax shall not exceed the rate authorized by the voters unless such
33 increase shall be similarly approved.

34 (2)(a) In the event a metropolitan municipal corporation shall
35 impose a sales and use tax pursuant to this chapter no city, county
36 which has created an unincorporated transportation benefit area, public
37 transportation benefit area authority, or county transportation
38 authority wholly within such metropolitan municipal corporation shall
39 be empowered to levy and/or collect taxes pursuant to RCW 35.58.273,

1 35.95.040, and/or 82.14.045, but nothing herein shall prevent such city
2 or county from imposing sales and use taxes pursuant to any other
3 authorization.

4 (b) In the event a county transportation authority shall impose a
5 sales and use tax pursuant to this section, no city, county which has
6 created an unincorporated transportation benefit area, public
7 transportation benefit area, or metropolitan municipal corporation,
8 located within the territory of the authority, shall be empowered to
9 levy or collect taxes pursuant to RCW 35.58.273, 35.95.040, or
10 82.14.045.

11 (c) In the event a public transportation benefit area shall impose
12 a sales and use tax pursuant to this section, no city, county which has
13 created an unincorporated transportation benefit area, or metropolitan
14 municipal corporation, located wholly or partly within the territory of
15 the public transportation benefit area, shall be empowered to levy or
16 collect taxes pursuant to RCW 35.58.273, 35.95.040, or 82.14.045.

17 (3) Any local sales and use tax revenue collected pursuant to this
18 section by any city or by any county for transportation purposes
19 pursuant to RCW 36.57.100 and 36.57.110 shall not be counted as locally
20 generated tax revenues for the purposes of apportionment and
21 distribution, in the manner prescribed by chapter 82.44 RCW, of the
22 proceeds of the motor vehicle excise tax authorized pursuant to RCW
23 35.58.273, except that the local sales and use tax revenue collected
24 under this section by a city with a population greater than sixty
25 thousand that as of January 1, 1998, owns and operates a municipal
26 public transportation system shall be counted as locally generated tax
27 revenues for the purposes of apportionment and distribution, in the
28 manner prescribed by chapter 82.44 RCW, of the proceeds of the motor
29 vehicle excise tax authorized under RCW 35.58.273 as follows:

30 (a) For fiscal year 2000, revenues collected under this section
31 shall be counted as locally generated tax revenues for up to 25 percent
32 of the tax collected under RCW 35.58.273;

33 (b) For fiscal year 2001, revenues collected under this section
34 shall be counted as locally generated tax revenues for up to 50 percent
35 of the tax collected under RCW 35.58.273;

36 (c) For fiscal year 2002, revenues collected under this section
37 shall be counted as locally generated tax revenues for up to 75 percent
38 of the tax collected under RCW 35.58.273; and

1 (d) For fiscal year 2003 and thereafter, revenues collected under
2 this section shall be counted as locally generated tax revenues for up
3 to 100 percent of the tax collected under RCW 35.58.273.

4 **Sec. 8.** RCW 82.14.200 and 1997 c 333 s 2 are each amended to read
5 as follows:

6 There is created in the state treasury a special account to be
7 known as the "county sales and use tax equalization account." Into
8 this account shall be placed a portion of all motor vehicle excise tax
9 receipts as provided in RCW 82.44.110(~~((1)-(f))~~). Funds in this account
10 shall be allocated by the state treasurer according to the following
11 procedure:

12 (1) Prior to April 1st of each year the director of revenue shall
13 inform the state treasurer of the total and the per capita levels of
14 revenues for the unincorporated area of each county and the state-wide
15 weighted average per capita level of revenues for the unincorporated
16 areas of all counties imposing the sales and use tax authorized under
17 RCW 82.14.030(1) for the previous calendar year.

18 (2) At such times as distributions are made under RCW 82.44.150,
19 (~~as now or hereafter amended,~~) the state treasurer shall apportion to
20 each county imposing the sales and use tax under RCW 82.14.030(1) at
21 the maximum rate and receiving less than one hundred fifty thousand
22 dollars from the tax for the previous calendar year, an amount from the
23 county sales and use tax equalization account sufficient, when added to
24 the amount of revenues received the previous calendar year by the
25 county, to equal one hundred fifty thousand dollars.

26 The department of revenue shall establish a governmental price
27 index as provided in this subsection. The base year for the index
28 shall be the end of the third quarter of 1982. Prior to November 1,
29 1983, and prior to each November 1st thereafter, the department of
30 revenue shall establish another index figure for the third quarter of
31 that year. The department of revenue may use the implicit price
32 deflators for state and local government purchases of goods and
33 services calculated by the United States department of commerce to
34 establish the governmental price index. Beginning on January 1, 1984,
35 and each January 1st thereafter, the one hundred fifty thousand dollar
36 base figure in this subsection shall be adjusted in direct proportion
37 to the percentage change in the governmental price index from 1982
38 until the year before the adjustment. Distributions made under this

1 subsection for 1984 and thereafter shall use this adjusted base amount
2 figure.

3 (3) Subsequent to the distributions under subsection (2) of this
4 section and at such times as distributions are made under RCW
5 82.44.150, (~~as now or hereafter amended,~~) the state treasurer shall
6 apportion to each county imposing the sales and use tax under RCW
7 82.14.030(1) at the maximum rate and receiving less than seventy
8 percent of the state-wide weighted average per capita level of revenues
9 for the unincorporated areas of all counties as determined by the
10 department of revenue under subsection (1) of this section, an amount
11 from the county sales and use tax equalization account sufficient, when
12 added to the per capita level of revenues for the unincorporated area
13 received the previous calendar year by the county, to equal seventy
14 percent of the state-wide weighted average per capita level of revenues
15 for the unincorporated areas of all counties determined under
16 subsection (1) of this section, subject to reduction under subsections
17 (6) and (7) of this section. When computing distributions under this
18 section, any distribution under subsection (2) of this section shall be
19 considered revenues received from the tax imposed under RCW
20 82.14.030(1) for the previous calendar year.

21 (4) Subsequent to the distributions under subsection (3) of this
22 section and at such times as distributions are made under RCW
23 82.44.150, (~~as now or hereafter amended,~~) the state treasurer shall
24 apportion to each county imposing the sales and use tax under RCW
25 82.14.030(2) at the maximum rate and receiving a distribution under
26 subsection (2) of this section, a third distribution from the county
27 sales and use tax equalization account. The distribution to each
28 qualifying county shall be equal to the distribution to the county
29 under subsection (2) of this section, subject to the reduction under
30 subsections (6) and (7) of this section. To qualify for the total
31 distribution under this subsection, the county must impose the tax
32 under RCW 82.14.030(2) for the entire calendar year. Counties imposing
33 the tax for less than the full year shall qualify for prorated
34 allocations under this subsection proportionate to the number of months
35 of the year during which the tax is imposed.

36 (5) Subsequent to the distributions under subsection (4) of this
37 section and at such times as distributions are made under RCW
38 82.44.150, (~~as now or hereafter amended,~~) the state treasurer shall
39 apportion to each county imposing the sales and use tax under RCW

1 82.14.030(2) at the maximum rate and receiving a distribution under
2 subsection (3) of this section, a fourth distribution from the county
3 sales and use tax equalization account. The distribution to each
4 qualifying county shall be equal to the distribution to the county
5 under subsection (3) of this section, subject to the reduction under
6 subsections (6) and (7) of this section. To qualify for the
7 distributions under this subsection, the county must impose the tax
8 under RCW 82.14.030(2) for the entire calendar year. Counties imposing
9 the tax for less than the full year shall qualify for prorated
10 allocations under this subsection proportionate to the number of months
11 of the year during which the tax is imposed.

12 (6) Revenues distributed under subsections (2) through (5) of this
13 section in any calendar year shall not exceed an amount equal to
14 seventy percent of the state-wide weighted average per capita level of
15 revenues for the unincorporated areas of all counties during the
16 previous calendar year. If distributions under subsections (3) through
17 (5) of this section cannot be made because of this limitation, then
18 distributions under subsections (3) through (5) of this section shall
19 be reduced ratably among the qualifying counties.

20 (7) If inadequate revenues exist in the county sales and use tax
21 equalization account to make the distributions under subsections (3)
22 through (5) of this section, then the distributions under subsections
23 (3) through (5) of this section shall be reduced ratably among the
24 qualifying counties. At such time during the year as additional funds
25 accrue to the county sales and use tax equalization account, additional
26 distributions shall be made under subsections (3) through (5) of this
27 section to the counties.

28 (8) If the level of revenues in the county sales and use tax
29 equalization account exceeds the amount necessary to make the
30 distributions under subsections (2) through (5) of this section, at
31 such times as distributions are made under RCW 82.44.150, the state
32 treasurer shall apportion an amount to the county public health account
33 created in RCW 70.05.125 equal to the adjustment under RCW
34 70.05.125(2)(b).

35 (9) If the level of revenues in the county sales and use tax
36 equalization account exceeds the amount necessary to make the
37 distributions under subsections (2) through (5) and (8) of this
38 section, then the additional revenues shall be credited and transferred
39 (~~to the state general fund~~) as follows:

1 (a) Fifty percent to the public facilities construction loan
2 revolving account under RCW 43.160.080; and

3 (b) Fifty percent to the distressed county public facilities
4 construction loan account under section 9 of this act, or so much
5 thereof as will not cause the balance in the account to exceed twenty-
6 five million dollars. Any remaining funds shall be deposited into the
7 public facilities construction loan revolving account.

8 NEW SECTION. Sec. 9. A new section is added to chapter 43.160 RCW
9 to read as follows:

10 The distressed county public facilities construction loan account
11 is created in the state treasury. All funds provided under RCW
12 82.14.200 shall be deposited in the account. Moneys in the account may
13 be spent only after appropriation. Moneys in the account shall only be
14 used to provide financial assistance under this chapter to distressed
15 counties that have experienced extraordinary costs due to the location
16 of a major new business facility or the substantial expansion of an
17 existing business facility in the county.

18 For purposes of this section, the term "distressed counties"
19 includes any county in which the average level of unemployment for the
20 three years before the year in which an application for financial
21 assistance is filed exceeds the average state employment for those
22 years by twenty percent.

23 NEW SECTION. Sec. 10. A new section is added to chapter 82.14 RCW
24 to read as follows:

25 (1) The distressed county assistance account is created in the
26 state treasury. Into this account shall be placed a portion of all
27 motor vehicle excise tax receipts as provided in RCW 82.44.110. At
28 such times as distributions are made under RCW 82.44.150, the state
29 treasurer shall distribute the funds in the distressed county
30 assistance account to each county imposing the sales and use tax
31 authorized under RCW 82.14.370 in the same proportions as distributions
32 of the tax imposed under RCW 82.14.370 for the previous quarter.

33 (2) Funds distributed from the distressed county assistance account
34 shall be expended by the counties for criminal justice and other
35 purposes.

1 **Sec. 11.** RCW 82.14.310 and 1995 c 398 s 11 are each amended to
2 read as follows:

3 (1) The county criminal justice assistance account is created in
4 the state treasury. Beginning in fiscal year 2000, the state treasurer
5 shall transfer into the county criminal justice assistance account from
6 the general fund the sum of twenty-three million two hundred thousand
7 dollars divided into four equal deposits occurring on July 1, October
8 1, January 1, and April 1. For each fiscal year thereafter, the state
9 treasurer shall increase the total transfer by the fiscal growth
10 factor, as defined in RCW 43.135.025, forecast for that fiscal year by
11 the office of financial management in November of the preceding year.

12 (2) The moneys deposited in the county criminal justice assistance
13 account for distribution under this section, less any moneys
14 appropriated for purposes under (~~RCW 82.44.110~~) subsection (4) of
15 this section, shall be distributed at such times as distributions are
16 made under RCW 82.44.150 and on the relative basis of each county's
17 funding factor as determined under this subsection.

18 (a) A county's funding factor is the sum of:

19 (i) The population of the county, divided by one thousand, and
20 multiplied by two-tenths;

21 (ii) The crime rate of the county, multiplied by three-tenths; and

22 (iii) The annual number of criminal cases filed in the county
23 superior court, for each one thousand in population, multiplied by
24 five-tenths.

25 (b) Under this section and RCW 82.14.320 and 82.14.330:

26 (i) The population of the county or city shall be as last
27 determined by the office of financial management;

28 (ii) The crime rate of the county or city is the annual occurrence
29 of specified criminal offenses, as calculated in the most recent annual
30 report on crime in Washington state as published by the Washington
31 association of sheriffs and police chiefs, for each one thousand in
32 population;

33 (iii) The annual number of criminal cases filed in the county
34 superior court shall be determined by the most recent annual report of
35 the courts of Washington, as published by the office of the
36 administrator for the courts;

37 (iv) Distributions and eligibility for distributions in the 1989-91
38 biennium shall be based on 1988 figures for both the crime rate as
39 described under (ii) of this subsection and the annual number of

1 criminal cases that are filed as described under (iii) of this
2 subsection. Future distributions shall be based on the most recent
3 figures for both the crime rate as described under (ii) of this
4 subsection and the annual number of criminal cases that are filed as
5 described under (iii) of this subsection.

6 (3) Moneys distributed under this section shall be expended
7 exclusively for criminal justice purposes and shall not be used to
8 replace or supplant existing funding. Criminal justice purposes are
9 defined as activities that substantially assist the criminal justice
10 system, which may include circumstances where ancillary benefit to the
11 civil justice system occurs, and which includes domestic violence
12 services such as those provided by domestic violence programs,
13 community advocates, and legal advocates, as defined in RCW 70.123.020.
14 Existing funding for purposes of this subsection is defined as calendar
15 year 1989 actual operating expenditures for criminal justice purposes.
16 Calendar year 1989 actual operating expenditures for criminal justice
17 purposes exclude the following: Expenditures for extraordinary events
18 not likely to reoccur, changes in contract provisions for criminal
19 justice services, beyond the control of the local jurisdiction
20 receiving the services, and major nonrecurring capital expenditures.

21 (4) Not more than five percent of the funds deposited to the county
22 criminal justice assistance account shall be available for
23 appropriations for enhancements to the state patrol crime laboratory
24 system and the continuing costs related to these enhancements. Funds
25 appropriated from this account for such enhancements shall not supplant
26 existing funds from the state general fund.

27 **Sec. 12.** RCW 82.14.320 and 1995 c 398 s 12 and 1995 c 312 s 84 are
28 each reenacted and amended to read as follows:

29 (1) The municipal criminal justice assistance account is created in
30 the state treasury. Beginning in fiscal year 2000, the state treasurer
31 shall transfer into the municipal criminal justice assistance account
32 for distribution under this section from the general fund the sum of
33 four million six hundred thousand dollars divided into four equal
34 deposits occurring on July 1, October 1, January 1, and April 1. For
35 each fiscal year thereafter, the state treasurer shall increase the
36 total transfer by the fiscal growth factor, as defined in RCW
37 43.135.025, forecast for that fiscal year by the office of financial
38 management in November of the preceding year.

1 (2) No city may receive a distribution under this section from the
2 municipal criminal justice assistance account unless:

3 (a) The city has a crime rate in excess of one hundred twenty-five
4 percent of the state-wide average as calculated in the most recent
5 annual report on crime in Washington state as published by the
6 Washington association of sheriffs and police chiefs;

7 (b) The city has levied the tax authorized in RCW 82.14.030(2) at
8 the maximum rate or the tax authorized in RCW 82.46.010(3) at the
9 maximum rate; and

10 (c) The city has a per capita yield from the tax imposed under RCW
11 82.14.030(1) at the maximum rate of less than one hundred fifty percent
12 of the state-wide average per capita yield for all cities from such
13 local sales and use tax.

14 (3) The moneys deposited in the municipal criminal justice
15 assistance account for distribution under this section, less any moneys
16 appropriated for purposes under (~~RCW 82.44.110~~) subsection (7) of
17 this section, shall be distributed at such times as distributions are
18 made under RCW 82.44.150. The distributions shall be made as follows:

19 (a) Unless reduced by this subsection, thirty percent of the moneys
20 shall be distributed ratably based on population as last determined by
21 the office of financial management to those cities eligible under
22 subsection (2) of this section that have a crime rate determined under
23 subsection (2)(a) of this section which is greater than one hundred
24 seventy-five percent of the state-wide average crime rate. No city may
25 receive more than fifty percent of any moneys distributed under this
26 subsection (a) but, if a city distribution is reduced as a result of
27 exceeding the fifty percent limitation, the amount not distributed
28 shall be distributed under (b) of this subsection.

29 (b) The remainder of the moneys, including any moneys not
30 distributed in subsection (2)(a) of this section, shall be distributed
31 to all cities eligible under subsection (2) of this section ratably
32 based on population as last determined by the office of financial
33 management.

34 (4) No city may receive more than thirty percent of all moneys
35 distributed under subsection (3) of this section.

36 (5) Notwithstanding other provisions of this section, the
37 distributions to any city that substantially decriminalizes or repeals
38 its criminal code after July 1, 1990, and that does not reimburse the

1 county for costs associated with criminal cases under RCW 3.50.800 or
2 3.50.805(2), shall be made to the county in which the city is located.

3 (6) Moneys distributed under this section shall be expended
4 exclusively for criminal justice purposes and shall not be used to
5 replace or supplant existing funding. Criminal justice purposes are
6 defined as activities that substantially assist the criminal justice
7 system, which may include circumstances where ancillary benefit to the
8 civil justice system occurs, and which includes domestic violence
9 services such as those provided by domestic violence programs,
10 community advocates, and legal advocates, as defined in RCW 70.123.020,
11 and publications and public educational efforts designed to provide
12 information and assistance to parents in dealing with runaway or at-
13 risk youth. Existing funding for purposes of this subsection is
14 defined as calendar year 1989 actual operating expenditures for
15 criminal justice purposes. Calendar year 1989 actual operating
16 expenditures for criminal justice purposes exclude the following:
17 Expenditures for extraordinary events not likely to reoccur, changes in
18 contract provisions for criminal justice services, beyond the control
19 of the local jurisdiction receiving the services, and major
20 nonrecurring capital expenditures.

21 (7) Not more than five percent of the funds deposited to the
22 municipal criminal justice assistance account shall be available for
23 appropriations for enhancements to the state patrol crime laboratory
24 system and the continuing costs related to these enhancements. Funds
25 appropriated from this account for such enhancements shall not supplant
26 existing funds from the state general fund.

27 **Sec. 13.** RCW 82.14.330 and 1995 c 398 s 13 are each amended to
28 read as follows:

29 (1) Beginning in fiscal year 2000, the state treasurer shall
30 transfer into the municipal criminal justice assistance account for
31 distribution under this section from the general fund the sum of four
32 million six hundred thousand dollars divided into four equal deposits
33 occurring on July 1, October 1, January 1, and April 1. For each
34 fiscal year thereafter, the state treasurer shall increase the total
35 transfer by the fiscal growth factor, as defined in RCW 43.135.025,
36 forecast for that fiscal year by the office of financial management in
37 November of the preceding year. The moneys deposited in the municipal
38 criminal justice assistance account for distribution under this

1 section, less any moneys appropriated for purposes under ((RCW
2 82.44.110)) subsection (4) of this section, shall be distributed to the
3 cities of the state as follows:

4 (a) Twenty percent appropriated for distribution shall be
5 distributed to cities with a three-year average violent crime rate for
6 each one thousand in population in excess of one hundred fifty percent
7 of the state-wide three-year average violent crime rate for each one
8 thousand in population. The three-year average violent crime rate
9 shall be calculated using the violent crime rates for each of the
10 preceding three years from the annual reports on crime in Washington
11 state as published by the Washington association of sheriffs and police
12 chiefs. Moneys shall be distributed under this subsection (1)(a)
13 ratably based on population as last determined by the office of
14 financial management, but no city may receive more than one dollar per
15 capita. Moneys remaining undistributed under this subsection at the
16 end of each calendar year shall be distributed to the criminal justice
17 training commission to reimburse participating city law enforcement
18 agencies with ten or fewer full-time commissioned patrol officers the
19 cost of temporary replacement of each officer who is enrolled in basic
20 law enforcement training, as provided in RCW 43.101.200.

21 (b) Sixteen percent shall be distributed to cities ratably based on
22 population as last determined by the office of financial management,
23 but no city may receive less than one thousand dollars.

24 The moneys deposited in the municipal criminal justice assistance
25 account for distribution under this subsection shall be distributed at
26 such times as distributions are made under RCW 82.44.150.

27 Moneys distributed under this subsection shall be expended
28 exclusively for criminal justice purposes and shall not be used to
29 replace or supplant existing funding. Criminal justice purposes are
30 defined as activities that substantially assist the criminal justice
31 system, which may include circumstances where ancillary benefit to the
32 civil justice system occurs, and which includes domestic violence
33 services such as those provided by domestic violence programs,
34 community advocates, and legal advocates, as defined in RCW 70.123.020.
35 Existing funding for purposes of this subsection is defined as calendar
36 year 1989 actual operating expenditures for criminal justice purposes.
37 Calendar year 1989 actual operating expenditures for criminal justice
38 purposes exclude the following: Expenditures for extraordinary events
39 not likely to reoccur, changes in contract provisions for criminal

1 justice services, beyond the control of the local jurisdiction
2 receiving the services, and major nonrecurring capital expenditures.

3 (2) In addition to the distributions under subsection (1) of this
4 section:

5 (a) Fourteen percent shall be distributed to cities that have
6 initiated innovative law enforcement strategies, including alternative
7 sentencing and crime prevention programs. No city may receive more
8 than one dollar per capita under this subsection (2)(a).

9 (b) Twenty percent shall be distributed to cities that have
10 initiated programs to help at-risk children or child abuse victim
11 response programs. No city may receive more than fifty cents per
12 capita under this subsection (2)(b).

13 (c) Twenty percent shall be distributed to cities that have
14 initiated programs designed to reduce the level of domestic violence
15 within their jurisdictions or to provide counseling for domestic
16 violence victims. No city may receive more than fifty cents per capita
17 under this subsection (2)(c).

18 (d) Ten percent shall be distributed to cities that contract with
19 another governmental agency for a majority of the city's law
20 enforcement services.

21 Moneys distributed under this subsection shall be distributed to
22 those cities that submit funding requests under this subsection to the
23 department of community, trade, and economic development based on
24 criteria developed under RCW 82.14.335. Allocation of funds shall be
25 in proportion to the population of qualified jurisdictions, but the
26 distribution to a city shall not exceed the amount of funds requested.
27 Cities shall submit requests for program funding to the department of
28 community, trade, and economic development by November 1 of each year
29 for funding the following year. The department shall certify to the
30 state treasurer the cities eligible for funding under this subsection
31 and the amount of each allocation.

32 The moneys deposited in the municipal criminal justice assistance
33 account for distribution under this subsection, less any moneys
34 appropriated for purposes under (~~RCW 82.44.110~~) subsection (4) of
35 this section, shall be distributed at the times as distributions are
36 made under RCW 82.44.150. Moneys remaining undistributed under this
37 subsection at the end of each calendar year shall be distributed to the
38 criminal justice training commission to reimburse participating city
39 law enforcement agencies with ten or fewer full-time commissioned

1 patrol officers the cost of temporary replacement of each officer who
2 is enrolled in basic law enforcement training, as provided in RCW
3 43.101.200.

4 If a city is found by the state auditor to have expended funds
5 received under this subsection in a manner that does not comply with
6 the criteria under which the moneys were received, the city shall be
7 ineligible to receive future distributions under this subsection until
8 the use of the moneys are justified to the satisfaction of the director
9 or are repaid to the state general fund. The director may allow
10 noncomplying use of moneys received under this subsection upon a
11 showing of hardship or other emergent need.

12 (3) Notwithstanding other provisions of this section, the
13 distributions to any city that substantially decriminalizes or repeals
14 its criminal code after July 1, 1990, and that does not reimburse the
15 county for costs associated with criminal cases under RCW 3.50.800 or
16 3.50.805(2), shall be made to the county in which the city is located.

17 (4) Not more than five percent of the funds deposited to the
18 municipal criminal justice assistance account shall be available for
19 appropriations for enhancements to the state patrol crime laboratory
20 system and the continuing costs related to these enhancements. Funds
21 appropriated from this account for such enhancements shall not supplant
22 existing funds from the state general fund.

23 NEW SECTION. Sec. 14. A new section is added to chapter 43.135
24 RCW to read as follows:

25 (1) Initiative Measure No. 601 (chapter 43.135 RCW, as amended by
26 chapter . . ., Laws of 1998 (this act) and the amendatory changes
27 enacted by section 6, chapter 2, Laws of 1994) is hereby reenacted and
28 reaffirmed. The legislature also adopts this act to continue the
29 general fund revenue and expenditure limitations contained in this
30 chapter 43.135 RCW after this one-time transfer of funds.

31 (2) RCW 43.135.035(4) does not apply to sections 5 through 13,
32 chapter . . ., Laws of 1998 (sections 5 through 13 of this act).

33 **Sec. 15.** RCW 43.135.060 and 1994 c 2 s 5 are each amended to read
34 as follows:

35 (1) After July 1, 1995, the legislature shall not impose
36 responsibility for new programs or increased levels of service under
37 existing programs on any political subdivision of the state unless the

1 subdivision is fully reimbursed (~~(by specific appropriation)~~) by the
2 state for the costs of the new programs or increases in service levels.
3 Reimbursement by the state may be made by: (a) A specific
4 appropriation; or (b) increases in state distributions of revenue to
5 political subdivisions occurring after January 1, 1998.

6 (2) If by order of any court, or legislative enactment, the costs
7 of a federal or local government program are transferred to or from the
8 state, the otherwise applicable state expenditure limit shall be
9 increased or decreased, as the case may be, by the dollar amount of the
10 costs of the program.

11 (3) The legislature, in consultation with the office of financial
12 management or its successor agency, shall determine the costs of any
13 new programs or increased levels of service under existing programs
14 imposed on any political subdivision or transferred to or from the
15 state.

16 (4) Subsection (1) of this section does not apply to the costs
17 incurred for voting devices or machines under RCW 29.04.200.

18 NEW SECTION. Sec. 16. In order to provide funds necessary for the
19 location, design, right of way, and construction of state and local
20 highway improvements, there shall be issued and sold upon the request
21 of the Washington state transportation commission a maximum of one
22 billion nine hundred million dollars of general obligation bonds of the
23 state of Washington.

24 NEW SECTION. Sec. 17. Upon the request of the transportation
25 commission, the state finance committee shall supervise and provide for
26 the issuance, sale, and retirement of the bonds authorized by sections
27 16 through 21 of this act in accordance with chapter 39.42 RCW. Bonds
28 authorized by sections 16 through 21 of this act shall be sold in such
29 manner, at such time or times, in such amounts, and at such price as
30 the state finance committee shall determine. No such bonds may be
31 offered for sale without prior legislative appropriation of the net
32 proceeds of the sale of the bonds.

33 The state finance committee shall consider the issuance of short-
34 term obligations in lieu of long-term obligations for the purposes of
35 more favorable interest rates, lower total interest costs, and
36 increased marketability and for the purpose of retiring the bonds
37 during the life of the project for which they were issued.

1 NEW SECTION. **Sec. 18.** The proceeds from the sale of bonds
2 authorized by sections 16 through 21 of this act shall be deposited in
3 the motor vehicle fund. The proceeds shall be available only for the
4 purposes enumerated in section 16 of this act, for the payment of bond
5 anticipation notes, if any, and for the payment of bond issuance costs,
6 including the costs of underwriting.

7 NEW SECTION. **Sec. 19.** Bonds issued under the authority of
8 sections 16 through 21 of this act shall distinctly state that they are
9 a general obligation of the state of Washington, shall pledge the full
10 faith and credit of the state to the payment of the principal thereof
11 and the interest thereon, and shall contain an unconditional promise to
12 pay such principal and interest as the same shall become due. The
13 principal and interest on the bonds shall be first payable in the
14 manner provided in sections 16 through 21 of this act from the proceeds
15 of the state excise taxes on motor vehicle and special fuels imposed by
16 chapters 82.36 and 82.38 RCW. Proceeds of such excise taxes are hereby
17 pledged to the payment of any bonds and the interest thereon issued
18 under the authority of sections 16 through 21 of this act, and the
19 legislature agrees to continue to impose these excise taxes on motor
20 vehicle and special fuels in amounts sufficient to pay, when due, the
21 principal and interest on all bonds issued under the authority of
22 sections 16 through 21 of this act.

23 NEW SECTION. **Sec. 20.** Both principal and interest on the bonds
24 issued for the purposes of sections 16 through 21 of this act shall be
25 payable from the highway bond retirement fund. The state finance
26 committee may provide that a special account be created in the fund to
27 facilitate payment of the principal and interest. The state finance
28 committee shall, on or before June 30th of each year, certify to the
29 state treasurer the amount required for principal and interest on the
30 bonds in accordance with the bond proceedings. The state treasurer
31 shall withdraw revenues from the motor vehicle fund and deposit in the
32 highway bond retirement fund, or a special account in the fund, such
33 amounts, and at such times, as are required by the bond proceedings.

34 Any funds required for bond retirement or interest on the bonds
35 authorized by sections 16 through 21 of this act shall be taken from
36 that portion of the motor vehicle fund that results from the imposition
37 of excise taxes on motor vehicle and special fuels and which is, or may

1 be, appropriated to the department of transportation for state highway
2 purposes. Funds required shall never constitute a charge against any
3 other allocations of motor vehicle fuel and special fuel tax revenues
4 to the state, counties, cities and towns unless the amount arising from
5 excise taxes on motor vehicle and special fuels distributed to the
6 state in the motor vehicle fund proves insufficient to meet the
7 requirements for bond retirement or interest on any such bonds.

8 Any payments for bond retirement or interest on the bonds taken
9 from other revenues from the motor vehicle fuel or special fuel taxes
10 that are distributable to the state, counties, cities, and towns, shall
11 be repaid from the first revenues from the motor vehicle fuel or
12 special fuel taxes distributed to the motor vehicle fund not required
13 for bond retirement or interest on the bonds.

14 NEW SECTION. **Sec. 21.** Bonds issued under the authority of
15 sections 16 through 20 of this act and this section and any other
16 general obligation bonds of the state of Washington that have been or
17 that may be authorized and that pledge motor vehicle and special fuels
18 excise taxes for the payment of principal and interest thereon shall be
19 an equal charge against the revenues from such motor vehicle and
20 special fuels excise taxes.

21 **NEW SECTION. Sec. 22. (1) A joint committee is created to study*
22 *the long-term transportation funding needs in the state. The committee*
23 *shall consist of twenty members as follows:*

24 *(a) The chairpersons of the house transportation policy and budget*
25 *committee and the senate transportation committee shall each appoint*
26 *four of the members of their respective committees to serve on the*
27 *joint committee. Of these, the chairpersons shall each appoint two*
28 *members to represent the majority caucus and two members to represent*
29 *the minority caucus. The chairpersons of the senate ways and means*
30 *committee and the house appropriations committee shall each appoint one*
31 *of the members of their respective committees to serve on the joint*
32 *committee.*

33 *(b) The governor shall appoint one member to serve on the joint*
34 *committee.*

35 *(c) The association of Washington counties shall appoint two*
36 *members to the committee. One member shall be appointed to represent*

1 small counties and one member shall be appointed to represent large
2 counties.

3 (d) The association of Washington cities shall appoint two members
4 to the committee. One member shall be appointed to represent small
5 cities and towns and one member shall be appointed to represent large
6 cities.

7 (e) The majority and minority leaders of the house of
8 representatives and the senate shall each appoint one member to
9 represent business and the governor shall appoint one member to
10 represent business for a total of five members representing business.

11 The members of the joint committee shall elect a chairperson from
12 the membership of the committee.

13 (2) The committee shall study the transportation needs of state and
14 local government with the objective of developing a fair and
15 predictable long-term funding system for state and local transportation
16 needs, including any appropriate reforms and reprioritizations. The
17 study may address differential funding sources for urban congestion
18 districts, local option funding including possible modifications to the
19 current local option taxing authority of counties and cities, public-
20 private partnerships for new transportation projects, improvements to
21 freight mobility, streamlining categorical funding mechanisms to
22 emphasize high priority projects, and increased certainty from setting
23 time limits on permitting processes.

24 (3) The office of financial management, the department of
25 licensing, the department of community, trade, and economic
26 development, and the department of transportation shall provide
27 assistance to the joint committee as needed.

28 (4) The joint committee shall provide an interim progress report to
29 the governor and the house and senate fiscal committees by December 1,
30 1998. The joint committee shall provide a final report of its findings
31 and recommendations to the governor and the house and senate fiscal
32 committees by December 1, 1999.

33 *Sec. 22 was vetoed. See message at end of chapter.

34 **Sec. 23.** RCW 82.50.410 and 1991 c 199 s 225 are each amended to
35 read as follows:

36 The rate and measure of tax imposed by RCW 82.50.400 for each
37 registration year shall be one and one-tenth percent (~~(, and a surcharge~~
38 ~~of one-tenth of one percent,)~~) of the value of the travel trailer or

1 camper, as determined in the manner provided in this chapter:
2 PROVIDED, That the excise tax upon a travel trailer or camper licensed
3 for the first time in this state after the last day of any registration
4 month may only be levied for the remaining months of the registration
5 year including the month in which the travel trailer or camper is first
6 licensed: PROVIDED FURTHER, That the minimum amount of tax payable
7 shall be two dollars: PROVIDED FURTHER, That every dealer in mobile
8 homes or travel trailers, for the privilege of using any mobile home or
9 travel trailer eligible to be used under a dealer's license plate,
10 shall pay an excise tax of two dollars, and such tax shall be collected
11 upon the issuance of each original dealer's license plate, and also a
12 similar tax shall be collected upon the issuance of each dealer's
13 duplicate license plate, which taxes shall be in addition to any tax
14 otherwise payable under this chapter.

15 A travel trailer or camper shall be deemed licensed for the first
16 time in this state when such vehicle was not previously licensed by
17 this state for the registration year or any part thereof immediately
18 preceding the registration year in which application for license is
19 made or when it has been registered in another jurisdiction subsequent
20 to any prior registration in this state.

21 **Sec. 24.** RCW 82.50.510 and 1991 c 199 s 227 are each amended to
22 read as follows:

23 The county auditor shall regularly, when remitting motor vehicle
24 excise taxes, pay to the state treasurer the excise taxes imposed by
25 RCW 82.50.400. The treasurer shall then distribute such funds
26 quarterly on the first day of the month of January, April, July and
27 October of each year in the following amount:

28 (1) (~~For the one percent tax imposed under RCW 82.50.410,~~
29 ~~fifteen~~) 13.64 percent to cities and towns for the use thereof
30 apportioned ratably among such cities and towns on the basis of
31 population; (~~fifteen~~)

32 (2) 13.64 percent to counties for the use thereof to be apportioned
33 ratably among such counties on the basis of moneys collected in such
34 counties from the excise taxes imposed under this chapter; (~~and~~
35 ~~seventy~~)

36 (3) 63.64 percent for schools to be deposited in the state general
37 fund; and

1 (~~((2) for the one-tenth of one percent surcharge imposed under RCW~~
2 ~~82.50.410, one hundred))~~ (4) 9.08 percent to the transportation fund
3 created in RCW 82.44.180.

4 **Sec. 25.** RCW 35.58.273 and 1992 c 194 s 11 are each amended to
5 read as follows:

6 (1) (~~(Through June 30, 1992, any municipality, as defined in this~~
7 ~~subsection, is authorized to levy and collect a special excise tax not~~
8 ~~exceeding .7824 percent and beginning July 1, 1992, .725 percent on the~~
9 ~~value, as determined under chapter 82.44 RCW, of every motor vehicle~~
10 ~~owned by a resident of such municipality for the privilege of using~~
11 ~~such motor vehicle provided that in no event shall the tax be less than~~
12 ~~one dollar and, subject to RCW 82.44.150 (3) and (4), the amount of~~
13 ~~such tax shall be credited against the amount of the excise tax levied~~
14 ~~by the state under RCW 82.44.020(1). As used in this subsection, the~~
15 ~~term "municipality" means a municipality that is located within (a)~~
16 ~~each county with a population of two hundred ten thousand or more and~~
17 ~~(b) each county with a population of from one hundred twenty five~~
18 ~~thousand to less than two hundred ten thousand except for those~~
19 ~~counties that do not border a county with a population as described~~
20 ~~under subsection (a) of this subsection.~~

21 (2) ~~Through June 30, 1992, any other)~~ A municipality is authorized
22 to levy and collect a special excise tax not exceeding (~~(.815 percent,~~
23 ~~and beginning July 1, 1992,)~~) .725 percent on the value, as determined
24 under chapter 82.44 RCW, of every motor vehicle owned by a resident of
25 such municipality for the privilege of using such motor vehicle
26 provided that in no event shall the tax be less than one dollar and,
27 subject to RCW 82.44.150 (3) and (4), the amount of such tax shall be
28 credited against the amount of the excise tax levied by the state under
29 RCW 82.44.020(1). Before utilization of any excise tax moneys
30 collected under authorization of this section for acquisition of right
31 of way or construction of a mass transit facility on a separate right
32 of way the municipality shall adopt rules affording the public an
33 opportunity for "corridor public hearings" and "design public hearings"
34 as herein defined, which rule shall provide in detail the procedures
35 necessary for public participation in the following instances: (a)
36 Prior to adoption of location and design plans having a substantial
37 social, economic or environmental effect upon the locality upon which
38 they are to be constructed or (b) on such mass rapid transit systems

1 operating on a separate right of way whenever a substantial change is
2 proposed relating to location or design in the adopted plan. In
3 adopting rules the municipality shall adhere to the provisions of the
4 Administrative Procedure Act.

5 ~~((+3))~~ (2) A "corridor public hearing" is a public hearing that:
6 (a) Is held before the municipality is committed to a specific mass
7 transit route proposal, and before a route location is established; (b)
8 is held to afford an opportunity for participation by those interested
9 in the determination of the need for, and the location of, the mass
10 rapid transit system; (c) provides a public forum that affords a full
11 opportunity for presenting views on the mass rapid transit system route
12 location, and the social, economic and environmental effects on that
13 location and alternate locations: PROVIDED, That such hearing shall
14 not be deemed to be necessary before adoption of an overall mass rapid
15 transit system plan by a vote of the electorate of the municipality.

16 ~~((+4))~~ (3) A "design public hearing" is a public hearing that:
17 (a) Is held after the location is established but before the design is
18 adopted; and (b) is held to afford an opportunity for participation by
19 those interested in the determination of major design features of the
20 mass rapid transit system; and (c) provides a public forum to afford a
21 full opportunity for presenting views on the mass rapid transit system
22 design, and the social, economic, environmental effects of that design
23 and alternate designs.

24 ~~((+5))~~ (4) A municipality imposing a tax under subsection (1) ~~((or~~
25 ~~+2))~~ of this section may also impose a sales and use tax, in addition
26 to the tax authorized by RCW 82.14.030, upon retail car rentals within
27 the municipality that are taxable by the state under chapters 82.08 and
28 82.12 RCW. The rate of tax shall not exceed 1.944 percent. The rate
29 of tax imposed under this subsection shall bear the same ratio to the
30 1.944 percent rate authorized that the rate imposed under ~~((RCW~~
31 ~~82.08.020(2) as the excise tax rate imposed under))~~ subsection (1) of
32 this section bears to the ~~((excise tax))~~ rate ~~((imposed under RCW~~
33 ~~82.44.020 (1) and (2))~~ authorized under subsection (1) of this
34 section. The base of the tax shall be the selling price in the case of
35 a sales tax or the rental value of the vehicle used in the case of a
36 use tax. The tax imposed under this section shall be deducted from the
37 amount of tax otherwise due under RCW 82.08.020(2). The revenue
38 collected under this subsection shall be distributed in the same manner

1 as special excise taxes under subsection(~~(s)~~) (1) (~~(and (2))~~) of this
2 section.

3 **Sec. 26.** RCW 35.58.410 and 1993 c 240 s 11 are each amended to
4 read as follows:

5 (1) On or before the third Monday in June of each year, each
6 metropolitan municipal corporation shall adopt a budget for the
7 following calendar year. Such budget shall include a separate section
8 for each authorized metropolitan function. Expenditures shall be
9 segregated as to operation and maintenance expenses and capital and
10 betterment outlays. Administrative and other expense general to the
11 corporation shall be allocated between the authorized metropolitan
12 functions. The budget shall contain an estimate of all revenues to be
13 collected during the following budget year, including any surplus funds
14 remaining unexpended from the preceding year. The metropolitan council
15 shall not be required to confine capital or betterment expenditures
16 made from bond proceeds or emergency expenditures to items provided in
17 the budget. The affirmative vote of three-fourths of all members of
18 the metropolitan council shall be required to authorize emergency
19 expenditures.

20 (2) Subsection (1) of this section shall not apply to a county that
21 has assumed the rights, powers, functions, and obligations of a
22 metropolitan municipal corporation under chapter 36.56 RCW. This
23 subsection (2) shall apply only to each county that has assumed the
24 rights, powers, functions, and obligations of a metropolitan municipal
25 corporation under chapter 36.56 RCW.

26 Each county that has assumed the rights, powers, functions, and
27 obligations of a metropolitan municipal corporation under chapter 36.56
28 RCW shall, on or before the third Monday in June of each year, prepare
29 an estimate of all revenues to be collected during the following
30 calendar year, including any surplus funds remaining unexpended from
31 the preceding year for each authorized metropolitan function.

32 By June 30 of each year, the county shall adopt the rate for sewage
33 disposal that will be charged to component cities and sewer districts
34 during the following budget year.

35 As long as any general obligation indebtedness remains outstanding
36 that was issued by the metropolitan municipal corporation prior to the
37 assumption by the county, the county shall continue to impose the taxes
38 authorized by RCW 82.14.045 and 35.58.273(~~(+5))~~) (4) at the maximum

1 rates and on all of the taxable events authorized by law. If, despite
2 the continued imposition of those taxes, the estimate of revenues made
3 on or before the third Monday in June shows that estimated revenues
4 will be insufficient to make all debt service payments falling due in
5 the following calendar year on all general obligation indebtedness
6 issued by the metropolitan municipal corporation prior to the
7 assumption by the county of the rights, powers, functions, and
8 obligations of the metropolitan municipal corporation, the remaining
9 amount required to make the debt service payments shall be designated
10 as "supplemental income" and shall be obtained from component cities
11 and component counties as provided under RCW 35.58.420.

12 The county shall prepare and adopt a budget each year in accordance
13 with applicable general law or county charter. If supplemental income
14 has been designated under this subsection, the supplemental income
15 shall be reflected in the budget that is adopted. If during the budget
16 year the actual tax revenues from the taxes imposed under the authority
17 of RCW 82.14.045 and 35.58.273(~~((+5+))~~) (4) exceed the estimates upon
18 which the supplemental income was based, the difference shall be
19 refunded to the component cities and component counties in proportion
20 to their payments promptly after the end of the budget year. A county
21 that has assumed the rights, powers, functions, and obligations of a
22 metropolitan municipal corporation under chapter 36.56 RCW shall not be
23 required to confine capital or betterment expenditures for authorized
24 metropolitan functions from bond proceeds or emergency expenditures to
25 items provided in the budget.

26 **Sec. 27.** RCW 43.160.070 and 1997 c 235 s 721 are each amended to
27 read as follows:

28 Public facilities financial assistance, when authorized by the
29 board, is subject to the following conditions:

30 (1) The moneys in the public facilities construction loan revolving
31 (~~((fund))~~) account and the distressed county public facilities
32 construction loan account shall be used solely to fulfill commitments
33 arising from financial assistance authorized in this chapter or, during
34 the 1989-91 fiscal biennium, for economic development purposes as
35 appropriated by the legislature. The total outstanding amount which
36 the board shall dispense at any time pursuant to this section shall not
37 exceed the moneys available from the (~~((fund))~~) accounts. The total
38 amount of outstanding financial assistance in Pierce, King, and

1 Snohomish counties shall never exceed sixty percent of the total amount
2 of outstanding financial assistance disbursed by the board under this
3 chapter without reference to financial assistance provided under
4 section 9 of this act.

5 (2) On contracts made for public facilities loans the board shall
6 determine the interest rate which loans shall bear. The interest rate
7 shall not exceed ten percent per annum. The board may provide
8 reasonable terms and conditions for repayment for loans as the board
9 determines. The loans shall not exceed twenty years in duration.

10 (3) Repayments of loans made from the public facilities
11 construction loan revolving account under the contracts for public
12 facilities construction loans shall be paid into the public facilities
13 construction loan revolving ((fund)) account. Repayments of loans made
14 from the distressed county public facilities construction loan account
15 under the contracts for public facilities construction loans shall be
16 paid into the distressed county public facilities construction loan
17 account. Repayments of loans from moneys from the new appropriation
18 from the public works assistance account for the fiscal biennium ending
19 June 30, 1999, shall be paid into the public works assistance account.

20 (4) When every feasible effort has been made to provide loans and
21 loans are not possible, the board may provide grants upon finding that
22 unique circumstances exist.

23 **Sec. 28.** RCW 43.160.076 and 1997 c 367 s 9 are each amended to
24 read as follows:

25 (1) Except as authorized to the contrary under subsection (2) of
26 this section, from all funds available to the board for financial
27 assistance in a biennium under this chapter without reference to
28 financial assistance provided under section 9 of this act, the board
29 shall spend at least seventy-five percent for financial assistance for
30 projects in distressed counties or rural natural resources impact
31 areas. For purposes of this section, the term "distressed counties"
32 includes any county, in which the average level of unemployment for the
33 three years before the year in which an application for financial
34 assistance is filed, exceeds the average state employment for those
35 years by twenty percent.

36 (2) If at any time during the last six months of a biennium the
37 board finds that the actual and anticipated applications for qualified
38 projects in distressed counties or rural natural resources impact areas

1 are clearly insufficient to use up the seventy-five percent allocation
2 under subsection (1) of this section, then the board shall estimate the
3 amount of the insufficiency and during the remainder of the biennium
4 may use that amount of the allocation for financial assistance to
5 projects not located in distressed counties or rural natural resources
6 impact areas.

7 **Sec. 29.** 1997 c 367 s 10 (uncodified) is amended to read as
8 follows:

9 RCW 43.160.076 and section 28 of this act, 1997 c 367 s 9, 1996 c
10 51 s 7, 1995 c 226 s 15, 1993 c 320 s 5, 1991 c 314 s 24, & 1985 c 446
11 s 6 are each repealed effective June 30, 2000.

12 **Sec. 30.** RCW 43.160.080 and 1992 c 235 s 10 are each amended to
13 read as follows:

14 There shall be a fund in the state treasury known as the public
15 facilities construction loan revolving account, which shall consist of
16 all moneys collected under this chapter, except moneys of the board
17 collected in connection with the issuance of industrial development
18 revenue bonds and moneys deposited in the distressed county public
19 facilities construction loan account under section 9 of this act, and
20 any moneys appropriated to it by law: PROVIDED, That seventy-five
21 percent of all principal and interest payments on loans made with the
22 proceeds deposited in the account under section 901, chapter 57, Laws
23 of 1983 1st ex. sess. shall be deposited in the general fund as
24 reimbursement for debt service payments on the bonds authorized in RCW
25 43.83.184. Disbursements from the revolving account shall be on
26 authorization of the board. In order to maintain an effective
27 expenditure and revenue control, the public facilities construction
28 loan revolving account shall be subject in all respects to chapter
29 43.88 RCW.

30 **Sec. 31.** RCW 43.160.210 and 1996 c 290 s 1 and 1996 c 51 s 10 are
31 each reenacted and amended to read as follows:

32 (1) Except as authorized to the contrary under subsection (2) of
33 this section, from all funds available to the board for financial
34 assistance under this chapter without reference to financial assistance
35 provided under section 9 of this act, the board shall designate at
36 least twenty percent for financial assistance for projects in

1 distressed counties. For purposes of this section, the term
2 "distressed counties" includes any county, in which: (a) The average
3 level of unemployment for the three years before the year in which an
4 application for financial assistance is filed, exceeds the average
5 state employment for those years by twenty percent; or (b) a county
6 that has a median household income that is less than seventy-five
7 percent of the state median household income for the previous three
8 years.

9 (2) If at any time during the last six months of a biennium the
10 board finds that the actual and anticipated applications for qualified
11 projects in distressed counties are clearly insufficient to use up the
12 twenty percent allocation under subsection (1) of this section, then
13 the board shall estimate the amount of the insufficiency and during the
14 remainder of the biennium may use that amount of the allocation for
15 financial assistance for projects not located in distressed counties.

16 **Sec. 32.** RCW 46.16.068 and 1993 c 123 s 4 are each amended to read
17 as follows:

18 Trailing units which are subject to RCW 82.44.020(~~(+5)~~) (4) shall,
19 upon application, be issued a permanent license plate that is valid
20 until the vehicle is sold, permanently removed from the state, or
21 otherwise disposed of by the registered owner. The fee for this
22 license plate is thirty-six dollars. Upon the sale, permanent removal
23 from the state, or other disposition of a trailing unit bearing a
24 permanent license plate the registered owner is required to return the
25 license plate and registration certificate to the department.
26 Violations of this section or misuse of a permanent license plate may
27 subject the registered owner to prosecution or denial, or both, of
28 future permanent registration of any trailing units. This section does
29 not apply to any trailing units subject to the annual excise taxes
30 prescribed in RCW 82.44.020. The department is authorized to adopt
31 rules to implement this section for leased vehicles and other
32 applications as necessary.

33 **Sec. 33.** RCW 70.94.015 and 1993 c 252 s 1 are each amended to read
34 as follows:

35 (1) The air pollution control account is established in the state
36 treasury. All receipts collected by or on behalf of the department
37 from RCW 70.94.151(2), and receipts from nonpermit program sources

1 under RCW 70.94.152(1) and 70.94.154(7), and all receipts from RCW
2 70.94.650, 70.94.660, 82.44.020(~~(+3)~~) (2), and 82.50.405 shall be
3 deposited into the account. Moneys in the account may be spent only
4 after appropriation. Expenditures from the account may be used only to
5 develop and implement the provisions of chapters 70.94 and 70.120 RCW.

6 (2) The amounts collected and allocated in accordance with this
7 section shall be expended upon appropriation except as otherwise
8 provided in this section and in accordance with the following
9 limitations:

10 Portions of moneys received by the department of ecology from the
11 air pollution control account shall be distributed by the department to
12 local authorities based on:

13 (a) The level and extent of air quality problems within such
14 authority's jurisdiction;

15 (b) The costs associated with implementing air pollution regulatory
16 programs by such authority; and

17 (c) The amount of funding available to such authority from other
18 sources, whether state, federal, or local, that could be used to
19 implement such programs.

20 (3) The air operating permit account is created in the custody of
21 the state treasurer. All receipts collected by or on behalf of the
22 department from permit program sources under RCW 70.94.152(1),
23 70.94.161, 70.94.162, and 70.94.154(7) shall be deposited into the
24 account. Expenditures from the account may be used only for the
25 activities described in RCW 70.94.152(1), 70.94.161, 70.94.162, and
26 70.94.154(7). Moneys in the account may be spent only after
27 appropriation.

28 **Sec. 34.** RCW 81.100.060 and 1992 c 194 s 12 are each amended to
29 read as follows:

30 A county with a population of one million or more and a county with
31 a population of from two hundred ten thousand to less than one million
32 that is adjoining a county with a population of one million or more,
33 having within their boundaries existing or planned high occupancy
34 vehicle lanes on the state highway system may, with voter approval,
35 impose a local surcharge of not more than (~~fifteen~~) 13.64 percent on
36 the state motor vehicle excise tax paid under RCW 82.44.020(1) on
37 vehicles registered to a person residing within the county and on the
38 state sales and use taxes paid under the rate in RCW 82.08.020(2) on

1 retail car rentals within the county. No surcharge may be imposed on
2 vehicles licensed under RCW 46.16.070 except vehicles with an unladen
3 weight of six thousand pounds or less, RCW 46.16.079, (~~46.16.080,~~)
4 46.16.085, or 46.16.090.

5 Counties imposing a tax under this section shall contract, before
6 the effective date of the resolution or ordinance imposing a surcharge,
7 administration and collection to the state department of licensing, and
8 department of revenue, as appropriate, which shall deduct an amount, as
9 provided by contract, for administration and collection expenses
10 incurred by the department. All administrative provisions in chapters
11 82.03, 82.32, and 82.44 RCW shall, insofar as they are applicable to
12 state motor vehicle excise taxes, be applicable to surcharges imposed
13 under this section. All administrative provisions in chapters 82.03,
14 82.08, 82.12, and 82.32 RCW shall, insofar as they are applicable to
15 state sales and use taxes, be applicable to surcharges imposed under
16 this section.

17 If the tax authorized in RCW 81.100.030 is also imposed by the
18 county, the total proceeds from tax sources imposed under this section
19 and RCW 81.100.030 each year shall not exceed the maximum amount which
20 could be collected under this section.

21 **Sec. 35.** RCW 81.104.160 and 1992 c 194 s 13 and 1992 c 101 s 27
22 are each reenacted and amended to read as follows:

23 (1) Cities that operate transit systems, county transportation
24 authorities, metropolitan municipal corporations, public transportation
25 benefit areas, and regional transit authorities may submit an
26 authorizing proposition to the voters, and if approved, may levy and
27 collect an excise tax, at a rate approved by the voters, but not
28 exceeding eighty one-hundredths of one percent on the value, under
29 chapter 82.44 RCW, of every motor vehicle owned by a resident of the
30 taxing district, solely for the purpose of providing high capacity
31 transportation service. In any county imposing a motor vehicle excise
32 tax surcharge pursuant to RCW 81.100.060, the maximum tax rate under
33 this section shall be reduced to a rate equal to eighty one-hundredths
34 of one percent on the value less the equivalent motor vehicle excise
35 tax rate of the surcharge imposed pursuant to RCW 81.100.060. This
36 rate shall not apply to vehicles licensed under RCW 46.16.070 except
37 vehicles with an unladen weight of six thousand pounds or less, RCW
38 46.16.079, (~~46.16.080,~~) 46.16.085, or 46.16.090.

1 (2) An agency imposing a tax under subsection (1) of this section
2 may also impose a sales and use tax solely for the purpose of providing
3 high capacity transportation service, in addition to the tax authorized
4 by RCW 82.14.030, upon retail car rentals within the agency's
5 jurisdiction that are taxable by the state under chapters 82.08 and
6 82.12 RCW. The rate of tax shall not exceed 2.172 percent. The rate
7 of tax imposed under this subsection shall bear the same ratio to the
8 2.172 percent rate authorized that the rate imposed under ((RCW
9 82.08.020(2) as the excise tax rate imposed under)) subsection (1) of
10 this section bears to the ((excise tax)) rate ((imposed under RCW
11 82.44.020 (1) and (2))) authorized under subsection (1) of this
12 section. The base of the tax shall be the selling price in the case of
13 a sales tax or the rental value of the vehicle used in the case of a
14 use tax. The revenue collected under this subsection shall be used in
15 the same manner as excise taxes under subsection (1) of this section.

16 **Sec. 36.** RCW 82.08.020 and 1992 c 194 s 9 are each amended to read
17 as follows:

18 (1) There is levied and there shall be collected a tax on each
19 retail sale in this state equal to six and five-tenths percent of the
20 selling price.

21 (2) There is levied and there shall be collected an additional tax
22 on each retail car rental, regardless of whether the vehicle is
23 licensed in this state, equal to five and nine-tenths percent of the
24 selling price. ((Ninety one percent of)) The revenue collected under
25 this subsection shall be deposited and distributed in the same manner
26 as motor vehicle excise tax revenue collected under RCW 82.44.020(1).
27 ((Nine percent of the revenue collected under this subsection shall be
28 deposited in the transportation fund and distributed in the same manner
29 as motor vehicle excise tax revenue collected under RCW 82.44.020(2).))

30 (3) The taxes imposed under this chapter shall apply to successive
31 retail sales of the same property.

32 (4) The rates provided in this section apply to taxes imposed under
33 chapter 82.12 RCW as provided in RCW 82.12.020.

34 **Sec. 37.** RCW 82.14.046 and 1995 c 298 s 1 are each amended to read
35 as follows:

36 Beginning with distributions made to municipalities under RCW
37 82.44.150 on January 1, 1996, municipalities as defined in RCW

1 35.58.272 imposing local transit taxes, which for purposes of this
2 section include the sales and use tax under RCW 82.14.045, the business
3 and occupation tax under RCW 35.95.040, and excise taxes under RCW
4 35.95.040, shall be eligible for sales and use tax equalization
5 payments from motor vehicle excise taxes distributed under RCW
6 82.44.150 as follows:

7 (1) Prior to January 1st of each year the department of revenue
8 shall determine the total and the per capita levels of revenues for
9 each municipality imposing local transit taxes and the state-wide
10 weighted average per capita level of sales and use tax revenues imposed
11 under chapters 82.08 and 82.12 RCW for the previous calendar year
12 calculated for a sales and use tax rate of one-tenth percent. For
13 purposes of this section, the department of revenue shall determine a
14 local transit tax rate for each municipality for the previous calendar
15 year. The tax rate shall be equivalent to the sales and use tax rate
16 for the municipality that would have generated an amount of revenue
17 equal to the amount of local transit taxes collected by the
18 municipality.

19 (2) For each tenth of one percent of the local transit tax rate,
20 the state treasurer shall apportion to each municipality receiving less
21 than eighty percent of the state-wide weighted average per capita level
22 of sales and use tax revenues imposed under chapters 82.08 and 82.12
23 RCW as determined by the department of revenue under subsection (1) of
24 this section, an amount when added to the per capita level of revenues
25 received the previous calendar year by the municipality, to equal
26 eighty percent of the state-wide weighted average per capita level of
27 revenues determined under subsection (1) of this section. In no event
28 may the sales and use tax equalization distribution to a municipality
29 in a single calendar year exceed: (a) Fifty percent of the amount of
30 local transit taxes collected during the prior calendar year; or (b)
31 the maximum amount of revenue that could have been collected at a local
32 transit tax rate of three-tenths percent in the prior calendar year.

33 (3) For a municipality established after January 1, 1995, sales and
34 use tax equalization distributions shall be made according to the
35 procedures in this subsection. Sales and use tax equalization
36 distributions to eligible new municipalities shall be made at the same
37 time as distributions are made under subsection (2) of this section.
38 The department of revenue shall follow the estimating procedures
39 outlined in this subsection until the new municipality has received a

1 full year's worth of local transit tax revenues as of the January sales
2 and use tax equalization distribution.

3 (a) Whether a newly established municipality determined to receive
4 funds under this subsection receives its first equalization payment at
5 the January, April, July, or October sales and use tax equalization
6 distribution shall depend on the date the system first imposes local
7 transit taxes.

8 (i) A newly established municipality imposing local transit taxes
9 taking effect during the first calendar quarter shall be eligible to
10 receive funds under this subsection beginning with the July sales and
11 use tax equalization distribution of that year.

12 (ii) A newly established municipality imposing local transit taxes
13 taking effect during the second calendar quarter shall be eligible to
14 receive funds under this subsection beginning with the October sales
15 and use tax equalization distribution of that year.

16 (iii) A newly established municipality imposing local transit taxes
17 taking effect during the third calendar quarter shall be eligible to
18 receive funds under this subsection beginning with the January sales
19 and use tax equalization distribution of the next year.

20 (iv) A newly established municipality imposing local transit taxes
21 taking effect during the fourth calendar quarter shall be eligible to
22 receive funds under this subsection beginning with the April sales and
23 use tax equalization distribution of the next year.

24 (b) For purposes of calculating the amount of funds the new
25 municipality should receive under this subsection, the department of
26 revenue shall:

27 (i) Estimate the per capita amount of revenues from local transit
28 taxes that the new municipality would have received had the
29 municipality received revenues from the tax the entire calendar year;

30 (ii) Calculate the amount provided under subsection (2) of this
31 section based on the per capita revenues determined under (b)(i) of
32 this subsection;

33 (iii) Prorate the amount determined under (b)(ii) of this
34 subsection by the number of months the local transit taxes have been
35 imposed.

36 (c) The department of revenue shall advise the state treasurer of
37 the amounts calculated under (b) of this subsection and the state
38 treasurer shall distribute these amounts to the new municipality from

1 the motor vehicle excise tax (~~((distributed under RCW 82.44.150(2)(d))~~)
2 deposited into the transportation fund under RCW 82.44.110.

3 (4) A municipality whose governing body implements a tax change
4 that reduces its local transit tax rate after January 1, 1994, may not
5 receive distributions under this section.

6 **Sec. 38.** RCW 82.44.023 and 1994 c 227 s 3 are each amended to read
7 as follows:

8 Rental cars as defined in RCW 46.04.465 are exempt from the taxes
9 imposed in RCW 82.44.020(1) (~~((and (2))~~). When a rental car ceases to
10 be used for rental car purposes and at the time of its retail sale, the
11 excise tax imposed in RCW 82.44.020(1) (~~((and (2))~~) shall be imposed in
12 an amount equal to one-twelfth of the annual excise tax then in effect,
13 for each full month remaining in the vehicle's registration year.

14 **Sec. 39.** RCW 82.44.025 and 1996 c 139 s 3 are each amended to read
15 as follows:

16 Motor vehicles licensed under RCW 46.16.374 are exempt from the
17 (~~((taxes))~~) tax imposed in RCW 82.44.020(1) (~~((and (2))~~). When the motor
18 vehicle ceases to be used for the purposes of RCW 46.16.374 or at the
19 time of its retail sale, the excise tax imposed in RCW 82.44.020(1)
20 (~~((and (2))~~) must be imposed for twelve full months from the date of
21 application of the new owner.

22 **Sec. 40.** RCW 82.44.155 and 1993 c 492 s 254 are each amended to
23 read as follows:

24 The city police and fire protection assistance account is created
25 in the state treasury. When distributions are made under RCW
26 82.44.150, the state treasurer shall apportion and distribute the motor
27 vehicle excise taxes deposited into the (~~((general fund))~~) city police
28 and fire protection assistance account under RCW 82.44.110(~~((1)(d))~~) to
29 the cities and towns ratably on the basis of population as last
30 determined by the office of financial management. When so apportioned,
31 the amount payable to each such city and town shall be transmitted to
32 the city treasurer thereof, and shall be used by the city or town for
33 the purposes of police and fire protection in the city or town, and not
34 otherwise. If it is adjudged that revenue derived from the excise
35 (~~((taxes))~~) tax imposed by RCW 82.44.020(1) (~~((and (2))~~) cannot lawfully
36 be apportioned or distributed to cities or towns, all moneys directed

1 by this section to be apportioned and distributed to cities and towns
2 shall be credited and transferred to the state general fund.

3 **Sec. 41.** RCW 82.44.180 and 1995 c 269 s 2601 are each amended to
4 read as follows:

5 (1) The transportation fund is created in the state treasury.
6 Revenues under RCW (~~(82.44.020(1) and (2),)~~) 82.44.110(~~(, 82.44.150,)~~)
7 and (~~(the surcharge under RCW)~~) 82.50.510 shall be deposited into the
8 fund as provided in those sections.

9 Moneys in the fund may be spent only after appropriation.
10 Expenditures from the fund may be used only for transportation purposes
11 and activities and operations of the Washington state patrol not
12 directly related to the policing of public highways and that are not
13 authorized under Article II, section 40 of the state Constitution.

14 (2) There is hereby created the central Puget Sound public
15 transportation account within the transportation fund. Moneys
16 deposited into the account under RCW 82.44.150(2)(b) shall be
17 appropriated to the transportation improvement board and allocated by
18 the transportation improvement board to public transportation projects
19 within the region from which the funds are derived, solely for:

20 (a) Planning;

21 (b) Development of capital projects;

22 (c) Development of high capacity transportation systems as defined
23 in RCW 81.104.015;

24 (d) Development of high occupancy vehicle lanes and related
25 facilities as defined in RCW 81.100.020; and

26 (e) Public transportation system contributions required to fund
27 projects under federal programs and those approved by the
28 transportation improvement board from other fund sources.

29 (3) There is hereby created the public transportation systems
30 account within the transportation fund. Moneys deposited into the
31 account under RCW 82.44.150(2)(c) shall be appropriated to the
32 transportation improvement board and allocated by the transportation
33 improvement board to public transportation projects submitted by the
34 public transportation systems from which the funds are derived, solely
35 for:

36 (a) Planning;

37 (b) Development of capital projects;

1 (c) Development of high capacity transportation systems as defined
2 in RCW 81.104.015;

3 (d) Development of high occupancy vehicle lanes and related
4 facilities as defined in RCW 81.100.020;

5 (e) Other public transportation system-related roadway projects on
6 state highways, county roads, or city streets; and

7 (f) Public transportation system contributions required to fund
8 projects under federal programs and those approved by the
9 transportation improvement board from other fund sources.

10 **Sec. 42.** RCW 84.44.050 and 1993 c 123 s 3 are each amended to read
11 as follows:

12 The personal property of automobile transportation companies
13 owning, controlling, operating or managing any motor propelled vehicle
14 used in the business of transporting persons and/or property for
15 compensation over any public highway in this state between fixed
16 termini or over a regular route, shall be listed and assessed in the
17 various counties where such vehicles are operated, in proportion to the
18 mileage of their operations in such counties: PROVIDED, That vehicles
19 subject to chapter 82.44 RCW and trailer units exempt under RCW
20 82.44.020(~~(+5)~~) (4) shall not be listed or assessed for ad valorem
21 taxation so long as chapter 82.44 RCW remains in effect. All vessels
22 of every class which are by law required to be registered, licensed or
23 enrolled, must be assessed and the taxes thereon paid only in the
24 county of their actual situs: PROVIDED, That such interest shall be
25 taxed but once. All boats and small craft not required to be
26 registered must be assessed in the county of their actual situs.

27 ****NEW SECTION. Sec. 43. Within ten days of the effective date of***
28 ***this section, the state treasurer shall lend twenty-five million***
29 ***dollars from the state general fund to the motor vehicle fund to be***
30 ***used for engineering, design, and right-of-way acquisition related to***
31 ***road construction projects. The loan shall be repaid by July 1, 2001,***
32 ***from motor vehicle excise tax revenues deposited into the motor vehicle***
33 ***fund.***

34 ****Sec. 43 was vetoed. See message at end of chapter.***

35 **NEW SECTION. Sec. 44.** Sections 16 through 21 of this act are each
36 added to chapter 47.10 RCW.

1 NEW SECTION. **Sec. 45.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 46.** (1) Sections 1 through 3, 5 through 21, 44,
6 and 45 of this act take effect January 1, 1999.

7 (2) Section 4 of this act takes effect July 1, 1999, and applies to
8 registrations that are due or become due in July 1999, and thereafter.

9 *NEW SECTION. **Sec. 47.** *(1) Section 22 of this act takes effect*
10 *ninety days after the end of the legislative session as provided in*
11 *Article 2, section 1 of the state Constitution.*

12 (2) Sections 23 through 30 and 32 through 42 of this act take
13 effect January 1, 1999, and section 31 of this act takes effect June
14 30, 2000, if sections 1 through 21 and 44 through 46 of this act are
15 validly submitted to and are approved and ratified by the voters at a
16 general election held in November 1998. If sections 1 through 21 and
17 44 through 46 of this act are not approved and ratified, sections 23
18 through 42 of this act are null and void in their entirety.

19 *Sec. 47 was partially vetoed. See message at end of chapter.

20 *NEW SECTION. **Sec. 48.** *Section 43 of this act is necessary for*
21 *the immediate preservation of the public peace, health, or safety, or*
22 *support of the state government and its existing public institutions,*
23 *and takes effect immediately.*

24 *Sec. 48 was vetoed. See message at end of chapter.

25 NEW SECTION. **Sec. 49.** The secretary of state shall submit
26 sections 1 through 21 and 44 through 46 of this act to the people for
27 their adoption and ratification, or rejection, at the next general
28 election to be held in this state, in accordance with Article II,
29 section 1 of the state Constitution and the laws adopted to facilitate
30 its operation.

31 NEW SECTION. **Sec. 50.** Sections 23 through 42 of this act are
32 technical only and do not result in any substantive change in the law.
33 Therefore, to conserve costs, the secretary of state shall not publish
34 sections 23 through 42 of this act in the voter's pamphlet in
35 conjunction with sections 1 through 21 and 44 through 46 of this act.

Passed the House March 5, 1998.

Passed the Senate March 5, 1998.

Approved by the Governor April 3, 1998, with the exception of certain items that were vetoed.

Filed in Office of Secretary of State April 3, 1998.

1 Note: Governor's explanation of partial veto is as follows:

2 "I am returning herewith, without my approval as to sections 22,
3 43, 47(1) and 48, Engrossed House Bill No. 2894 entitled:

4 "AN ACT Relating to the reallocation of motor vehicle excise tax
5 and general fund resources for the purpose of providing
6 transportation funding;"

7 Engrossed House Bill No. 2894 is a measure which significantly
8 reduces general fund revenues derived from the motor vehicle excise
9 tax; transfers motor vehicle excise tax money to transportation and
10 some local government purposes; reduces the motor vehicle excise tax
11 \$30 per vehicle; and changes the depreciation schedule for vehicles.
12 Most of the bill was placed on the ballot by the Legislature and must
13 be approved by the people this November to take effect. However,
14 several sections were not referred to the people.

15 Section 22 of EHB 2894 would create a joint committee to study
16 long-term transportation funding needs in our state. I agree with the
17 need for the study since the ballot measure does not address those
18 needs. However, the composition of the committee would be unbalanced
19 and not representative of our citizens. The time frame for completing
20 the study would be too short and no money was provided to complete this
21 important task. The committee provided for in Engrossed Substitute
22 Senate Bill No. 6456, which I approved today, is fully funded and a
23 better mechanism for looking at our long-term transportation needs. I
24 have also vetoed section 47 (1) of EHB 2894 which establishes the
25 effective date for section 22 and is unnecessary.

26 Section 43 of EHB 2894 would provide a highly unusual "loan" of \$25
27 million from the state general fund to the motor vehicle fund for
28 certain engineering, design, and right-of-way acquisition costs related
29 to road construction projects. Apparently, the money was for
30 preliminary work on new projects in anticipation of the referendum's
31 passage. The loan is unnecessary because the Department of
32 Transportation can proceed with that type of work without a "loan".
33 The loan was to be paid back by July 1, 2001; however, there is nothing
34 to assure that it would ever be repaid. In addition, appropriation
35 authority would be necessary to spend the "loan", but no authority was
36 granted in this or other legislation. I have also vetoed section 48,
37 which is an emergency clause for section 43 and is unnecessary.

38 For these reasons, I have vetoed sections 22, 43, 47 (1) and 48 of
39 Engrossed House Bill No. 2894.

40 With the exception of sections 22, 43, 47 (1) and 48 (and the
41 provisions which are submitted to the people) Engrossed House Bill No.
42 2894 is approved."